

## S141 – WAYNESVILLE ANNEXATION/REFERENDUM

### KEY DATES & POINTS

DATES	
Jan 2011	Jack Ewing becomes Exec Dir of Lake Junaluska and charges executive team to develop long-term sustainability plan; begins intensive assessment & prioritization of short- & long-term capital and operational needs/costs
Mar 2012	LJ Board of Trustees ( <b>BoT</b> ) authorizes Junaluska Assembly Community Council ( <b>JACC</b> ) to appoint a Municipal Study Task Force ( <b>MSTF</b> ) to study four options of governance and provision of municipal services for the long-term sustainability of the LJ community: <b>1) incorporation, 2) remaining unchanged in governance and continue the unincorporated private provision of municipal-type services 3) merging utilities with another utility district or with the Town of Waynesville, or 4) annexation into the Town of Waynesville</b>
Dec 2012	Town of Waynesville ( <b>TOW</b> ) receives planning grant from NC Rural Center & contracts with Martin-McGill Consulting for Asset Management Plan and Consolidation/Annexation Study on behalf of both the Town and Lake Junaluska. Other studies are reviewed by MSTF and continue to inform planning process today ( <i>see list of studies which follows</i> )
Apr 2012 - Feb 2013	MSTF meets thirteen times in widely announced mtgs open to the public. Minutes & presentations are posted on the LJ Community web site immediately after each meeting (and are still publicly posted). Option 3 (merging utilities) is dismissed due to cost and inability of utility service district to fully provide for the municipal needs of the LJ community
Jan-Feb 2013	A survey is sent to <b>all</b> property owners at LJ asking for respondents' opinions of the remaining three options: 1) incorporation 2) remain unchanged/unincorporated and 3) annexation into Waynesville. Of 811 property owners surveyed, 61% respond, with 90% indicating awareness of the work of the MSTF; 64% supporting annexation; 20% supporting incorporation; and remainder undecided or failing to select an option. ( <i>Over 60% disagreed or strongly disagreed with remaining unchanged/unincorporated</i> )
Feb 2013	Leadership of the Southeastern Jurisdiction of the United Methodist Church ( <b>SEJ</b> ), which owns all the common property and infrastructure in the LJ community, confirms that the LJ BoT has the authority to act on behalf of the SEJ with regard to annexation and common property matters
Feb-Mar 2013	TOW holds day long public workshop to receive Martin-McGill Asset Management & Consolidation Plans and Annexation Feasibility Report; holds two public hearings on annexation (2/12 and 2/22)
Mar 2013	MSTF, JACC, Assembly Public Works ( <b>APW</b> ), LJ BoT all vote to pursue annexation with TOW
Mar 2013	TOW Board of Aldermen ( <b>BoA</b> ) votes to accept the invitation of the LJ community to seek the support of the NC General Assembly in pursuing local bill authorizing annexation
Mar 2013	S290 authorizing annexation of LJ by TOW introduced by Sen Jim Davis
Apr 2013	Haywood County Commissioners, Haywood Chamber of Commerce, Haywood Economic Development Council unanimously adopt resolutions supporting SB290
Apr-Jun 2013	S290 passes Senate unanimously and moves to House Finance Committee. Delegations from LJ & TOW appear before committee for six successive weeks responding to questions raised by leadership
Jul 2013	LJ Exec Dir invited to meet with Reps Howard, Setzer, and Presnell to explore options for moving the bill forward. Rep. Howard asks if LJ would be open to a referendum; LJ confirms referendum is acceptable
Jul 2013	LJ Exec Dir confirms that the restaurant known as "One Love", operating in leased property owned by LJ cannot sell alcohol; and could not sell alcohol even after annexation (LJ has the right to control the terms of lease on property it owns)
Jul 2013	House Finance Committee failed to hear bill prior to the end of the session/S290 carries over to 2014 short session
Nov 2013 - Feb 2014	Educational information and petitions mailed to all property owners (resident and non-resident) AND to all registered voters in the area to be annexed

Apr 2014	Signed petitions in favor of annexation are returned by 67.5% of registered voters and by 64% of all property owners
Apr-Jul 2014	S290 remains in House Finance for duration of 2013-14 session without ever being reported out for vote on House Floor
Mar 2015	S141 is introduced by Sen Jim Davis seeking authorization for a referendum to allow registered voters in LJ and in TOW to decide the question of annexation on Nov 3, 2015. If referendum passes in both communities, annexation will become effective Jun 30, 2016.
Mar 2015	Joint resolution of support for S141 is adopted and signed by 106 elected and appointed leaders in Haywood County, including every elected municipal official and county commissioner in Haywood County, boards of Haywood Chamber, EDC, TDA, DWA and the boards of every constituent LJ body representing both property owners and corporate/church leadership
May 2015	NC Senate passes S141
May-Jun 2015	Bishops Goodpaster and Ward, responsible for all United Methodist Churches in NC, affirm their support of S141 in letters to NC House members
Jun 2015	S141 receives favorable reports from both House Subcommittee on Annexation/Deannexation and House Finance Committee
Jun-Jul 2015	S141 calendared for vote on House floor 6/15; withdrawn & referred to Rules; calendared for vote on House floor 7/20; withdrawn & referred to Rules

#### Miscellaneous Statistics:

- Area to be Annexed – 1200± acres/1.4 square miles
- # Parcels to be Annexed – 1,053
- # Separate Property Owners – 811
- # Registered Voters – 638 *(as of 6/15/15)*
- Assessed Value of all properties - \$222,500,904
- Assessed Value of Exempt Properties - \$28,034,900
- Assessed Value of Taxable Properties - \$194,466,004
- Current Town Tax rate - \$0.4382/\$100
- Current LJ Service Fee - \$0.3525/\$100 + \$48/HH/yr fire fee
- Median Property Value - \$215,000

FIRST YEAR EFFECT OF ANNEXATION ON TYPICAL LJA RESIDENT			
	LJA	TOW	DIFFERENCE
Tax/Svc Fee – Property (\$215,000)	757.88	942.13	184.25
Tax/Svc Fee – Vehicle (\$20,000)	0	87.64	87.64
Water (2400 gallons/month)	507.03	186.14	(320.89)
Sewer (2400 gallons/month)	417.32	187.30	(230.03)
Solid Waste/Recycling	202.32	108.00	(94.32)
Fire Protection	48.00	0	(48.00)
<b>TOTAL</b>	<b>1,932.55</b>	<b>1,511.21</b>	<b>(421.34)</b>

Estimated savings of approximately \$400/Household/Year depending on property valuation and water usage.

### **Studies Conducted by LJ/TOW:**

- Town of Waynesville Water & Sewer Asset Management Plan/*Martin-McGill Consulting* – 2012\*
- Town of Waynesville-Lake Junaluska Annexation Memorandum/*Martin-McGill Consulting* – 2012\*
- Assessment Findings for Town of Waynesville & Lake Junaluska Public Works & Utilities Consolidation/*Martin-McGill Consulting* – 2012
- Report on the Municipal Status of Lake Junaluska/*UNC School of Government & LJA Public Works* – 2012
- Water & Sewer System Assessment & Appraisal/*Cavanaugh & Associates, P. A. & Environmental Finance Center, UNC School of Government* – 2012
- Water & Sewer 10-yr Capital Improvements Plan/*Cavanaugh & Associates, P.A.* – 2012
- Stormwater Management Plan/*Equinox Environmental* – 2012
- Lake Sediment Management Study/*LJA Public Works* – 2012
- Strategic Pavement Condition Survey/*LJA Public Works* – 2011
- Strategic Equipment Assessment/*LJA Public Works* – 2011
- Hydropower Feasibility Study/*Star Earth Energy, LLC* – 2010
- Pressure Management Study/*Cavanaugh & Associates, P. A.* – 2009
- Traffic & Parking Report/*Howard C. Tew, P.E. & LJA Public Works* – 2008

*\* Currently being updated; revised publications anticipated early August, 2015.*

### **Media Stories/Reports on LJA/TOW annexation:**

- The Mountaineer – 44 total entries (34 articles/10 ltes) – 3/13/12 to 7/23/15
- Smoky Mountain News – 36 total entries (34 articles/2 ltes) – 3/21/12 to 7/22/15
- WCQS-FM Public Radio – 4 extended interviews – 2013/2015

### **Announced Public Meetings at which LJA/TOW annexation was on agenda for discussion/report/presentation/action:**

- **Lake Junaluska** – between 4/2012 and 7/2015
  - Municipal Study Task Force – 13 meetings (between 4/26/2012 and 3/7/2013)
  - Junaluska Assembly Community Council – 28 meetings
  - Lake Junaluska Property Owners Organization – 8 meetings
  - Lake Junaluska Board of Trustees – 8 meetings
- **Town of Waynesville** – 41 regular meetings of the Board of Aldermen between 3/13/2012 and 7/28/2015, including one day-long informational/planning retreat and two public hearings devoted exclusively to the annexation topic
- **Currently** – Both Junaluska and Town of Waynesville continue to provide public information and will hold additional public meetings in both communities to provide factual information regarding financial and operational impacts of annexation until an authorized referendum occurs.

### Additional Notes:

- 1) **Annexation by legislative act** was sought as the only available means of annexation in this unique circumstance. Although the area to be annexed is contiguous to the Town of Waynesville's corporate boundary, there is insufficient contiguous boundary to meet the standard required in statute for a municipal-initiated annexation. Nor is voluntary annexation a practical consideration, since the probability of achieving 100% petitioned response from 811 separate property owners in a single subdivision is a virtual impossibility under any circumstance.
- 2) **S141 Bill language** simply states (after a lengthy legal description of the annexation area):  
*"This act becomes effective only if approved by the qualified voters of the Town of Waynesville and the qualified voters of Lake Junaluska Assembly. The referendum shall be conducted by the Haywood County Board of Elections on November 3, 2015. The question on the ballot shall be [ ]For [ ]Against Extension of the corporate limits of the Town of Waynesville by the annexation of the area known as Lake Junaluska Assembly. If both a majority of the votes cast in the Town of Waynesville and a majority of the votes cast in the area known as Lake Junaluska Assembly are in favor of the question, annexation becomes effective June 30, 2016, otherwise this act does not become effective."*
- 3) **Referendum** was suggested by House Finance chairs Reps. Howard & Setzer and Rep. Presnell two years ago as the preferred means of assessing the will of those property owners and voters affected by annexation. S141 goes one step further by requiring a vote in both Junaluska and Waynesville, which is a higher standard than statutes require even for involuntary annexations.
- 4) **Non-resident property owners** had the opportunity to make their voices heard through both a survey in 2013 and in a petition in 2014. Nowhere in the United States are property owners given the right to vote in more than one jurisdiction at a time. It has always been understood that one registers to vote where one permanently lives, and if one is fortunate enough to own more than one domicile, then one must determine which of those residences constitutes his/her primary residence.
- 5) **Costs of lake/dam maintenance** at Lake Junaluska are the sole responsibility of Lake Junaluska Assembly, Inc., a private corporate entity, which has responsibly maintained its private property for 100 years, and can be expected to continue maintaining its private property well into the future without burdening either the residents of Lake Junaluska or the citizens of the Town of Waynesville, regardless of the outcome of the annexation question. The lake and dam are part of the Lake Junaluska Conference and Retreat Center property. The costs of maintaining the lake and dam are covered by multiple sources including: 1) annual operating income, 2) actively growing \$1/2 million endowment fund dedicated to maintaining the lake and dam, 3) periodic grant funding from private sources such as the Pigeon River Fund and 4) other private donations. A 2015 engineering study confirmed the structural integrity of the dam and that no major maintenance or repairs are needed for the foreseeable future. The average cost of silt removal for the last dozen years is approximately \$49,000/year. The estimated figure of \$400,000/year that has been misquoted by some individuals refers to the total cost of annual common area maintenance for entire conference center property, which in addition to lake silt removal and dam maintenance, includes landscaping of grounds, gardens, rose walk, trails, streambank and lake edge restoration and \$50,000 contribution toward a maintenance reserve or escrow account.

- 6) **LJ Service Fees/Assessments**, are currently paid by LJ residents on a millage rate, similar to property taxes. In 2009, the NC Supreme Court upheld the authority of LJ to assess residents for streets, street lights, security, stormwater, administration and upkeep of common area. However, because there is no legally defined common area in LJ (all properties are privately held), assessments have never been used, and could not be used, to maintain the lake or dam. If annexation were to be approved, the Town of Waynesville would take over providing the other five services and LJ service fees would disappear. Any future service charges assessed by LJ would be limited to the same common service areas affirmed by the Court and would be assessed only upon recommendation by the Community Council, which is comprised of property owners elected by residential district, in the unlikely event that supplemental services were desired at a level over and above the standard of service provided by the municipality town-wide.
- 7) **Financial Impact of Annexation on LJ residents** is expected to result in savings of approximately \$400/household per year after annexation, due primarily to reduced water and sewer costs, elimination of fire district fees and the LJ service fees. Residents would pay Town taxes, but would receive a higher level of municipal service that would result in annual savings overall.
- 8) **Financial Impact on Town of Waynesville** is expected to be a financial wash over the first 10 years. Based on 2012 projections, while the Town will net a gain of approximately \$2 million on the General Fund side, due to increase in property tax revenue, it will net a temporary loss of approximately \$2 million on the Utility side, due to what are anticipated to be necessary investments in capital improvements while keeping customer rates steady system-wide. The original annexation study is being updated with current data and should be available in early August, 2015.
- 9) **Financial Impact on Lake Junaluska Assembly, Inc.** is expected to result in little change to the Assembly's financial condition. Just like the residential community, the Assembly will benefit from lower water and sewer rates, elimination of service fees and fire district fees, but will be paying the Town a payment in lieu of taxes in order to cover its fair share of infrastructure and service costs for the community, particularly for public safety activities, which ordinarily would be covered by property tax, from which it is exempt.